AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Questions Set for Examinations, June, 1917

Price Ten Cents

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AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Auditing*

JUNE 14, 1917, 9 A. M. TO 12.30 P. M.

The candidate is required to answer all of the following questions:

1. What do you understand to be meant by a balance sheet audit? What is its scope?

2. The officers of a company of which you are the auditor elected by the stockholders submit to you for audit a balance sheet in which the following item appears:

Miscellaneous reserves (including premium on stock)		$248,000.00

On investigation you find the item is made up as follows:

General reserve	$86,000.00
Operating reserves	6,000.00
Provision for plant depreciation	46,000.00
Provision for amortization of leaseholds	40,000.00
Provision for bad debts	36,000.00
Premium on capital stock sold	34,000.00
	$248,000.00

What recommendation would you make to the officers and what course would you take if your recommendation were not followed?

3. In auditing the accounts of a corporation, for the first year of its existence, what records and documents should be examined in addition to the books of accounts and the vouchers?

*Questions in auditing were the same for both classes of applicants.

4. What steps should an auditor take to ensure, as far as possible, that accounts presented to him for audit contain all the liabilities of the company?

5. You are appointed auditor of a charitable institution supported by annual subscriptions and other gifts. What steps would you take to verify the accounts submitted to you. Draft a certificate such as you would give if the results of your audit were entirely satisfactory.

6. To what extent do you think it is necessary to verify the outstanding capital stock of a corporation and what procedure would you follow in such verification?

7. State what you consider to be the most important special problems arising in one of the following classes of audits and how you would deal with such problems:

   (a) Stock brokers.
   (b) Moving picture producers.
   (c) Breweries.
   (d) Clubs and institutions.
   (e) Retail stores.
   (f) Land companies.
   (g) Executorship accounts.

8. What steps should be taken to verify the cash balance appearing on a balance sheet of a company in whose cash book bank and cash transactions are kept together where the auditor has not had the opportunity of making the verification on the date of the balance sheet? To what points should special attention be given?

9. What is meant by a qualified certificate? Give an illustration of a case in which a qualified certificate might properly be given and draft a qualification applicable to that case.

10. An inventory is submitted to you certified by the manager of a business. Mention some of the principal steps you would take to confirm the correctness of the inventory figure appearing in the balance sheet.

AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Commercial Law*

JUNE 14, 1917, 1.30 P. M. TO 4.30 P. M.

The candidate may select any ten of the questions submitted but must not answer more than ten. The intelligence disclosed by the answers will materially affect the markings.

1. State all the legal requisites of a valid sale.

2. What is the provision of the statute of frauds with respect to sales of goods, wares and merchandise?

3. Define or describe void, voidable and unenforcible contracts.

4. What simple contracts are required to be in writing?

5. A contract executed and delivered in California is the subject matter of a suit in New York. What laws will govern the validity of the contract, and what laws will govern the remedy? State the rule in such cases.

6. State all of the essential legal requirements of a contract constituting a valid negotiable note.

7. Are the following notes negotiable or not? Give reasons.

(a) No date, nor place.
I promise to pay to bearer One Hundred Dollars.
Signed A. B.

(b) January 5, 1917.
Due A. B. or order on demand One Hundred Dollars.
Signed C. D.

(c) Chicago, Sept. 5, 1916.
On or before Dec. 1, 1916, I promise to pay to C. D. or order One Hundred Dollars.
Signed A. B.

*Questions in commercial law were the same for both classes of applicants.

(d) New York, April 10, 1916.

On .... I promise to pay to the order of C. D. One Hundred Dollars.

Signed A. B.

8.

New York, April 10, 1916.

Thirty days after date I promise to pay to the order of C. D. One Hundred Dollars.

Signed A. B.

Endorsed in blank "without recourse." C. D.

What does the endorser warrant by his endorsement?

9. What is the legal significance and effect of the word "negotiable" when applied to commercial instruments?

10. What is considered a reasonable time for the presentation for payment of a check?

11. Under what circumstances may a director incur a personal liability in respect of dividends paid by a corporation?

12. To what extent are dividends received by (a) an individual and (b) a corporation subject to payment of tax by the recipients under the income tax law of 1916?

Answers to the following questions may be based on any statute of any state or on the principles fundamental to all corporations, in the absence of any statute:

13. Have directors of a corporation the right to rescind, alter or amend by-laws adopted by stockholders? If so, state under what conditions. If not, why not?

14. To what extent may directors delegate their powers to an executive committee? Give reasons for your answer.

15. Have directors the power to vote or pay increased salaries to officers for past services rendered in the usual and ordinary course of business? Give reasons for your answer.

16. How far are by-laws binding upon strangers:

(a) When they have no notice of them?
(b) When they have notice of them?

American Institute of Accountants

BOARD OF EXAMINERS

Examination for Admission as Member

Accounting Theory and Practice—Part I.

JUNE 15, 1917, 9 A. M. TO 12.30 P. M.

Candidates are required to answer questions one and two and one of the three remaining questions but no more.

1. A, B and C formed a partnership. A agreed to furnish $10,000, B and C each $7,000. A was to manage the business and receive one half of the profits; B and C were each to receive one fourth. A supplied merchandise worth $8,500, but no additional cash. B turned over to A, as managing partner, $9,000 cash, and C turned over $5,500. The business was conducted by A for some time, but without keeping exact books. While managing the business A purchased additional merchandise amounting altogether to $75,000 and made sales of $100,000. The cash received and paid out for the partnership was not kept separate from A's personal cash. In order to straighten out matters, B took over the management. He found receivables amounting to $20,000, and of these he collected $4,500. The merchandise still on hand he sold for $500. These receipts he deposited in a bank to the credit of the firm. The remaining accounts proved worthless. The outstanding accounts payable amounted to $2,000, of which $1,500 had been incurred in purchasing merchandise and $500 for expenses. These accounts he paid. A presented vouchers showing that during his management he had paid other expenses of $2,400. By mutual agreement B was held to be entitled to $100 on account of interest on excess capital contributed and A and C were to be charged $75.00 each for shortage in contribution of capital.

(a) Prepare trading and profit and loss accounts and accounts of each of the partners, indicating the final adjustment to be made in closing up the partnership. (b) Show how the above final adjustment would be modified if A proved to have no assets or liabilities outside the partnership.

2. Write a reply to the following letter and prepare a statement as requested therein:

SMITH AND JONES.

Dear Sir:

Our bank has asked us for a statement for credit purposes. Will you please prepare one for us?

Our plants stand at their cost price, which is $60,400. We have set up a reserve for depreciation of $10,200. There is a mortgage for $20,000 on the plant and interest on the mortgage is at 6 per cent and is paid up to 3 months ago. We hold $10,000 of notes receivable and have discounted $25,000 of notes with the bank. Our accounts receivable, which we consider good, amount to $18,000, including $3,000 due from one of our employees on personal account. Our trade accounts receivable are subject to 5 per cent discount if paid at due date, and only $1,000 is now past due. Our accounts in suspense amount to $4,000. I believe these are 50 per cent good. We have ordered a new machine to cost $6,000, but it has not yet been delivered. We have endorsed a note for $6,000 for our friends, the A. B. Co., but I am confident they will take care of it when it is due. Our accounts payable amount to $4,200. Our insurance amounts to $400 a year and has six months to run. We have a note at the bank for $5,000, interest paid to date. We own 50 shares of stock in the company from which we buy raw material. They cost us $2,800 and are surely worth it, though we might have some difficulty in selling them in a hurry. Our inventory is taken at a low selling price, which is 10 per cent more than it cost us. The amount is $17,600. In addition we have a special contract for one of our customers. The contract price is $25,000. We have spent $12,000 on it and expect to have to spend $4,000 more, and we have received $10,000 on account. Our cash in bank is $4,800 and cash in hand $200.

I have told you all the facts I think you need. Perhaps some are not required, but I want to give the bankers all the information they ought to have in the way they expect to get it.

I do not, of course, expect you to accept any responsibility for the figures in the statement, but simply to prepare the statement in the best form you can from this letter. If you have any suggestions as to how I can better meet the bank's requirements let me have them.

(Signed) H. A. SMITH.

3.

BALANCE SHEET OF A.

Property leases and goodwill	$470,133	Capital stock...........	$400,000
Fixtures	81,791	Bonds	100,000
Merchandise inventory..	126,538	Sundry creditors........	59,975
Sundry debtors.........	54,642	Surplus	135,886
Sinking fund assets.....	11,690	Pension fund...........	5,460
Cash on hand...........	20,204	Sinking fund............	11,690
		Profit and loss..........	51,987
	$764,998		$764,998

BALANCE SHEET OF B.

Cash	$51,195	Preferred stock.........	$800,000
Investments:		Common stock..........	123,000
Short time loans........	108,000	Surplus	160,000
Stock of A at par.......	100,000	Accounts payable.......	141,235
Stock of C at par.......	20,000	Notes payable..........	4,728
Bonds of Company A at par (cost).........	50,000	Profit and loss..........	217,254
Railroad and other bonds at present value	126,070		
Merchandise	366,437		
Sundry debtors.........	15,563		
Prepaid expense........	12,715		
Goodwill and trade marks	422,900		
Plant and machinery...	173,337		
	$1,446,217		$1,446,217

BALANCE SHEET OF C.

Land and buildings.....	$41,438	Capital stock............	$120,000
Machinery	20,577	Bonds	30,675
Merchandise	19,610	Surplus	34,000
Office furniture.........	50	Dividend declared.......	1,650
Cash	14,730	Accounts payable.......	5,879
Accounts receivable.....	21,245	Profit and loss..........	12,343
Goodwill at cost........	81,867		
Bonds of Company A, 5,000 at cost.........	5,030		
	$204,547		$204,547

Company D is organized for the purpose of consolidating the three companies whose balance sheets are given above, engaged in allied businesses. Company D is authorized to issue $2,000,000 preferred stock, and $350,000 common stock. It arranges to buy stock of the subsidiary companies on the following terms:

For each share of	Is offered of D. Preferred Stock	D. Common Stock
A. stock	1 share	½ share
B. preferred	2 shares	
B. common		1 share
C. stock	1 share	¾ share

On these terms D acquires $290,000 of A stock, all the preferred stock of B, $100,000 of common stock of B, and $100,000 of C stock. The stock bought was obtained from individual holders, the stock of A and C held by B, as well as some stock held by non-consenting stockholders, not being acquired. The remaining preferred stock of D was held by the company. The rest of the common stock authorized was sold for cash at par. The expenses of organization amounted to $5,000 and were paid in cash.

Of the accounts receivable held by C, $20,000 were due from B. Of the sundry debtors on the books of B, $5,500 were due from A.

Company D also issues $500,000 bonds which it sells at 105 and pays $500,000 cash for a plant which it buys direct.

Prepare a consolidated balance sheet.

4. A, B and C were in partnership, A's capital being $90,000, B's $50,000, and C's $50,000. Their agreement is to share profits in the following ratio: A, 60%; B, 15%; C, 25%. During the year C withdrew $10,000. Net losses on the business during the year were $15,000, and it is decided to close out the business. It is uncertain how much the assets will ultimately yield, although none of them is known to be bad. The partners therefore mutually agree that as the assets are liquidated, distribution of cash on hand shall be made monthly in such a manner to avoid, so far as feasible, the possibility of paying to one partner cash which he might later have to repay to another. Collections are

made as follows: May, \$15,000; June, \$13,000; July, \$52,000. After this no more can be collected. Show the partners' accounts, indicating how the cash is distributed in each instalment, the essential feature in the distribution being to observe the agreement given above.

5. A machine costing \$81.00 is estimated to have a life of four years, with a residual value of \$16.00. Prepare a statement showing the annual charge for depreciation according to each of the following methods:

(a) Straight line.
(b) Constant percentage of diminishing value.
(c) Annuity method.

(For convenience in arithmetical calculation assume the rate of interest to be 10 per cent.)

Discuss the significance of each of the methods.

AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Examination for Admission as Member

Accounting Theory and Practice—Part II.

JUNE 15, 1917, 1.30 P. M. TO 4.30 P. M.

Candidates are required to answer six of the following questions but no more.

1. A corporation was formed which acquired several plants, issuing therefor $17,000,000 bonds and $24,000,000 stock. It was well known at the time that this capitalization exceeded the true value of the assets (including goodwill) acquired, to an extent of $11,000,000. In the first year, after paying expenses and interest on bonds, the business yielded considerable net income. May such net income be used to pay dividends, or must it be first applied towards making up the $11,000,000?

2. (a) Explain in full the theoretical difficulties in regard to each of three commonly used methods of distributing overhead burden in cost accounting.
   (b) Show how the appropriateness of each system may be affected by the nature of the business in which it is employed.
   (c) Give briefly your views on the proper treatment of "Idle-time."

3. Discuss the propriety of writing off goodwill, giving your reasons in full.

4. What are organization expenses? How are they to be treated in accounts? At what point do expenses cease to be organization expenses and become operating expenses?
   Is the deficiency in the early years of a corporation's activities (whether an actual loss or a deficiency between the earn-

ings and the normal rate of return) similar to organization expenses? How should such deficiencies be treated in the accounts? To what extent is such a deficiency similar to interest paid during construction? Should such deficiencies be carried on the balance sheet? If so, should they be written off, and how and when? May the deficiencies representing the difference between actual earnings and normal rate of return be capitalized, in the strict sense of having capital stock issued to a corresponding sum? State clearly just who is affected, and how, by the different methods of treating the items mentioned above.

5. Explain the relationship between a sinking fund and an allowance for depreciation. It is claimed that in municipal enterprises the requirement that rates must be high enough to provide both for a sinking fund to pay off the bonds and also for a "Reserve for Depreciation" with which to replace the plant results in a double charge to consumers. Criticize or explain this theory.

6. Argument has been strongly urged that aside from any question of possible mismanagement, or of the difficulty of making satisfactory investments to yield the same rate as is paid on the bonds, a sinking fund for bonds is more expensive than an arrangement for the serial repayment of bonds. This is illustrated by the case of $20,000 5% bonds. If these are paid off in a series, one each year, the total payment made will be principal $20,000, interest $10,500, total $30,500. The annual sinking fund to pay these bonds would on a 5% basis amount to $604.85, making in twenty years $12,097, and the interest paid on the bonds would be $20,000, total payments $32,097. The apparent excess burden is accordingly $1,597.

Discuss the above argument and show clearly just what the figures mean and in what the apparent saving actually consists.

7. When a corporation undertakes its own construction work on what basis is it permissible for it to make charges to property account in respect thereof? On what basis would you personally recommend that the charges should be made?

Give your reasons.

8. (a) How would you deal in the balance sheet of a corporation with shares recovered from a vendor to whom they had been issued as fully paid and who had returned them in settlement of a claim for fraudulent misrepresentation in respect of the property sold by him to the corporation?

(b) How would you deal with these shares for the purposes of a dividend?

AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Examination for Admission as Associate

Accounting Theory and Practice—Part I

JUNE 15, 1917, 9 A. M. TO 12.30 P. M.

Candidates are required to answer questions one and two and one of the remaining three questions, but no more.

1. The firm of A and B have the following statement:

Store	$15,000	Accounts payable	$10,000
Accounts receivable	12,000	Bills payable	5,000
Cash	9,000	A Capital	30,000
Furniture and fixtures	2,800	B Capital	35,000
Merchandise	37,000		
Miscellaneous equipment	4,200		
	$80,000		$80,000

C is admitted as a special partner with the following arrangement:

C to contribute $30,000 and to be entitled to one-third of the profit for one year. Before making the contribution the following changes to be made in the books: store to be marked down 5 per cent; allowance for doubtful accounts to be created amounting to 2 per cent; merchandise to be revalued at $35,000; furniture and fixtures to be valued at $2,500. At the end the amount of goodwill is to be fixed at 3 times the net profits for the year in excess of $20,000, this goodwill to be set up on the books, the corresponding credit being to A and B equally—A, B and C each to draw $3,000 in cash, the remaining profits to be carried to their capital accounts.

During the year the following transactions took place:

Merchandise bought on credit	$240,000
Cash purchases	25,000
Cash sales	125,000
Sales on credit	175,000
Accounts payable paid (face $245,000, discount 2 per cent)	240,100
Accounts receivable collected (face $170,000, all net except $50,000 on which 2 per cent allowed)	169,000
Buying expenses, paid cash	1,500
Selling expenses, paid cash	21,000
Delivery expenses, paid cash	9,000
Management expenses, paid cash	4,500
Miscellaneous expenses, paid cash	3,000
Interest on notes payable, paid cash	250
Partners each withdrew $3,000 cash as agreed.	

In closing the books for determining profits and goodwill the following were agreed upon:

Value of merchandise on hand	$60,000
Depreciation on store	285
Additional allowance for doubtful debts	165
Furniture and fixtures written down	200

Goodwill having been estimated and duly entered C then contributes enough cash so that his capital account equals just one-third of the total capital.

Prepare statements showing how the accounts are to be adjusted and the balance sheet after the final adjustment.

2.

BALANCE SHEET OF AB

Real estate	$140,000.00	Capital	$229,652.00
Equipments	75,150.00	Mortgages on real estate	75,000.00
Patents	54,700.00	Accounts payable	124,615.24
Investments	33,500.00	Notes payable	80,000.00
Cash	4,348.64	Reserve for depreciation	821.00
Notes receivable	2,479.75		
Accounts receivable	31,108.15		
Inventories	81,423.70		
Goodwill	40,000.00		
Trading losses	47,378.00		
	$510,088.24		$510,088.24

AB, whose balance sheet appears above, having been unfortunate in business, goes into liquidation. Prepare statement of affairs and deficiency account.

The real estate is valued at $90,000, the equipment at $30,000. The patents are considered worthless, with the exception of one thought to have a market value of $5,000. Bonds, with a par value of $27,500, were pledged to secure a collateral loan of $25,000. These have, however, shrunk in value so as to be worth at present prices only $22,000. Included in investments are $5,000 other bonds which are clearly worthless; the other investments have a doubtful value of 50 per cent. The notes receivable are thought to be good. Of the accounts receivable $10,000 are known to be good, $5,000 are known to be bad, and the remainder are expected to pay 80 per cent. The inventories are estimated as worth not more than half of their book value. Goodwill is purely fictitious. Interest accrued on the mortgage is $800, on notes payable, $523. Wages accrued are $1,200.

Assuming the foregoing estimates of value are correct and the expenses of liquidation amount to $3,000, what percentage of their claims will the general creditors receive?

3. A company organized with $1,000,000 capital stock which it placed at par, and $1,000,000 5 per cent bonds which it sold at 90, this being a 6 per cent basis. It paid to contractors, etc., for construction $1,800,000 and this amount of investment ran, on the average, for one year before the property was ready for operation. When operation began the company had therefore paid one year's interest on the issue of bonds. No dividends were paid on the stock. In addition to the sum named above the company also paid $10,000 for legal expenses in connection with incorporation and $5,000 for franchise and other fees.

How should the accounts appear when the property was ready for operation?

4. A corporation having issued its capital stock at par buys 1,000 shares at 95. It later sells 500 of these shares at 98, and 300 at 85, and 200 at 101. Give the journal entries covering these transactions.

How should the items appear on the balance sheet immediately after purchasing the stock, and immediately after each of the sales?

5. The following items represent the combined statement of all the national banks. Rearrange them in the form of a balance sheet. You need not follow the form used by the Comptroller of the Currency, but make a balance sheet in the form that seems the most desirable.

Banking house, furniture and fixtures	$160,800.
Bills of other national banks	31,200.
Bills payable	44,700.
Bonds borrowed	60,000.
Bonds, securities, etc	700,300.
Capital stock paid in	896,400.
Cashier's checks outstanding	1,000.
Certified checks	1,000.
Checks and other cash items	26,900.
Circulating notes	551,900.
Demand certificates of deposit	1,000.
Deposits of U. S. disbursing officers	17,800.
Dividends unpaid	1,600.
Due from approved reserve agents	614,500.
Due from other national banks	334,600.
Due from state banks	123,000.
Due from the Treasurer of the U. S	4,700.
Due to approved reserve agents	38,100.
Due to other national banks	823,000.
Due to state banks	395,800.
Due to trust companies	337,900.
Exchanges for the clearing house	190,600.
Fractional currency	2,300.
Individual deposits subject to check	4,315,000.
Lawful money reserve in banks	701,600.
Loans and discounts	4,678,600.
Notes and bills rediscounted	14,400.
Bonds (other than U. S.) to secure U. S. deposits	68,200.
Other liabilities	6,900.
Real estate owned other than banking house	20,200.
Overdrafts	30,500.
Premium on bonds for circulation	14,600.
Redemption fund with the U. S. Treasurer	27,300.
Reserve for taxes	4,400.
State bank circulation outstanding	100.
Surplus fund	548,300.
Time certificates of deposit	1,000.
Undivided profits	186,600.
U. S. bonds on hand	7,400.
U. S. bonds to secure circulation	557,300.
U. S. bonds to secure U. S. deposits	95,600.
U. S. deposits	143,300.

AMERICAN INSTITUTE OF ACCOUNTANTS

BOARD OF EXAMINERS

Examination for Admission as Associate

Accounting Theory and Practice—Part. II

JUNE 15, 1917, 1.30 P. M. TO 4.30 P. M.

Candidates are required to answer six of the following questions but no more.

1. In the process of consolidating several competing establishments, Corporation A, the holding company, acquires $98,000, out of a total of $100,000, of the capital stock of Company B. At the time of the purchase the balance sheet of Company B showed surplus and undivided profits of $50,000. Company A bought the stock of B at 200%. Almost immediately after the purchase Company B paid a cash dividend of 25%. In what ways would the payment of this dividend affect (a) the balance sheet of B; (b) the balance sheet of A; (c) the consolidated balance sheet of A and its subsidiary companies?

   Give your reasons for your answer.

2. The balance sheet of a corporation shows the following credit balances:

   Reserve for depreciation
   Reserve for extension of plant
   Reserve for bad and doubtful debts
   Sinking fund reserve
   Insurance reserve
   Reserve for pensions
   Reserve for contingencies
   Reserve for taxes

   What would you assume to be the nature of each of these items? Can better terms be substituted for any of those used? In what circumstances would each of the above accounts be debited, and when debited what would be the

corresponding credit? If the business were to be sold for the amount of its net worth as shown by the balance sheet which of these items would represent a proper addition to the capital stock in determining the selling price?

3. A machine costing $10,000 was estimated to have a life of ten years, with a residual value of $1,000. At the close of each year a charge of $900 was made and a similar amount credited to "Reserve for Depreciation." Just prior to closing the books at the end of the tenth year the machine was discarded and sold, bringing $2,000, and a similar machine was bought costing $15,000. Give the journal entries that you would make to close the books at the end of the tenth year in order to cover these transactions and to make necessary adjustments. Interest is not to be calculated.

4. How should the following items be treated in the balance sheet:

Notes receivable endorsed and discounted at a bank;
Accommodation endorsements made for friends;
Contracts for future delivery at a stated price, the work being in part completed, and in part, but to a smaller percentage, paid for:
Guarantee given that machinery sold will last five years?

5. A company is under obligations to pay $10,000 to sinking fund trustees "out of profits." The following transactions take place.

1914	
Dec. 31	$10,000 cash paid to sinking fund trustees.
1915	
Jan. 5	Trustees invest in $10,000 of the 5 per cent bonds of the company at 98 and interest (from Jan. 1).
July 1	Coupons on above bonds collected.
Dec. 31	$10,000 paid to sinking fund trustees.
1916	
Jan. 1	Coupons collected.
2	$11,000 bonds bought for sinking fund at 95.
July 1	Coupons collected.
Dec. 31	$125 paid for expenses of sinking fund.
31	$10,000 paid to sinking fund trustees.
1917	
Jan. 1	Coupons collected.
Jan. 10	$10,000 bonds bought at 101 and interest.

Give the journal entries on the company's books for the above transactions.

6. A company which keeps no perpetual inventory records but takes an inventory annually on Dec. 31, suffers a fire loss on March 1. How would you proceed to compute the inventory on hand at that date?

7. In preparing a balance sheet of a corporation how would you classify or deal with securities

(a) representing the entire ownership of a plant.
(b) representing an interest in a competing company.
(c) representing the investment of a sinking fund.
(d) representing the investment of a temporary surplus of cash.
(e) stocks or bonds issued by the company itself?

8. What are the main objects to be sought in arranging the distribution of the work of the treasury and accounting departments of a business? What general lines of distribution would you adopt to attain these objects?

(Candidates are not expected to explain methods in detail or draw forms).